

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 17

February 13, 2013

SUMMARY OF BILL: Grants members of the Tennessee State Guard one free course per term at any state-supported college, university, technology center, the Tennessee Foreign Language Institute, or for courses taken through the Tennessee Board of Regents (TBR) online degree program. Authorizes spouses of Tennessee State Guard members to receive a 50 percent discount for one course per term for courses taken at any state-supported public higher education institution, including TBR online degree program courses. Requires individuals who receive the tuition waiver to provide proof of current active duty membership with at least one year of prior service in the Tennessee State Guard by the individual or their spouse.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$219,800/FY13-14

\$232,900/FY14-15

Exceeds \$246,900/FY15-16 and Subsequent Fiscal Years

Assumptions:

- According to the University of Tennessee (UT) and TBR, veterans are not currently being charged more in tuition and fees than is authorized by the G.I. Bill.
- This bill will result in lost tuition and fee revenue for state institutions.
- In FY13-14, TBR estimates that 46 Tennessee State Guard (TSG) members will receive a full tuition waiver and attend a community college and 46 TSG members will attend a four-year university and receive a full tuition waiver.
- In FY13-14, TBR estimates that 23 spouses will receive a 50 percent tuition waiver and attend a community college and 23 will attend a four-year university and receive a full tuition waiver.
- According TBR, the cost for a full waiver at a TBR university is \$1,745 and the cost for a full waiver at a community college is \$880.
- In FY13-14, the decrease in tuition revenue for TBR institutions relative to TSG members is estimated to be \$120,750 $[(\$1,745 \times 46) + (\$880 \times 46)]$.
- In FY13-14, the decrease in tuition revenue for TBR institutions relative to TSG member spouses receiving a 50 percent tuition waiver is estimated to be \$30,188 $[(23 \times \$1,745 \times 50.0\%) + (23 \times \$880 \times 50.0\%)]$.
- In FY13-14, the decrease in tuition revenue for TBR institutions is estimated to be \$150,938 $(\$120,750 + \$30,188)$.

- In FY13-14, UT estimates that 24 TSG members will receive a full tuition waiver and 12 spouses will receive a 50 percent tuition waiver.
- According to UT, the cost for a full waiver will be \$2,294. Eligible spouses will receive a waiver of \$1,147 ($\$2,294 \times 50.0\%$).
- In FY13-14, the decrease in tuition revenue for UT relative to TSG members is estimated to be \$55,056 ($24 \times \$2,294$).
- In FY13-14, the decrease in tuition revenue for UT relative to TSG member spouses is estimated to be \$13,764 ($12 \times \$1,147$).
- In FY13-14, the decrease in tuition revenue for UT is estimated to be \$68,820 ($\$55,056 + \$13,764$).
- In FY13-14, the total decrease in tuition revenue for TBR and UT is estimated to be \$219,758 ($\$150,938 + \$68,820$).
- With an average annual tuition increase of six percent, the decrease in tuition revenue for TBR and UT is estimated to be \$232,943 ($219,758 \times 106.0\%$) in FY14-15.
- Given the annual growth in tuition, the decrease in tuition revenue for TBR and UT in FY15-16 and subsequent years is estimated to exceed \$246,900 ($\$232,943 \times 106.0\%$).
- In order for TBR and UT schools to continue funding current institutional expenditures, additional state funds will need to be appropriated. Therefore, the fiscal impact of this bill is considered an increase in state expenditures of \$219,800 for FY13-14; an increase in state expenditures of \$232,900 in FY14-15; and an increase in state expenditures exceeding \$246,900 in FY15-16 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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